

Department of Fish and Game: Funding Issues

LEGISLATIVE ANALYST'S OFFICE

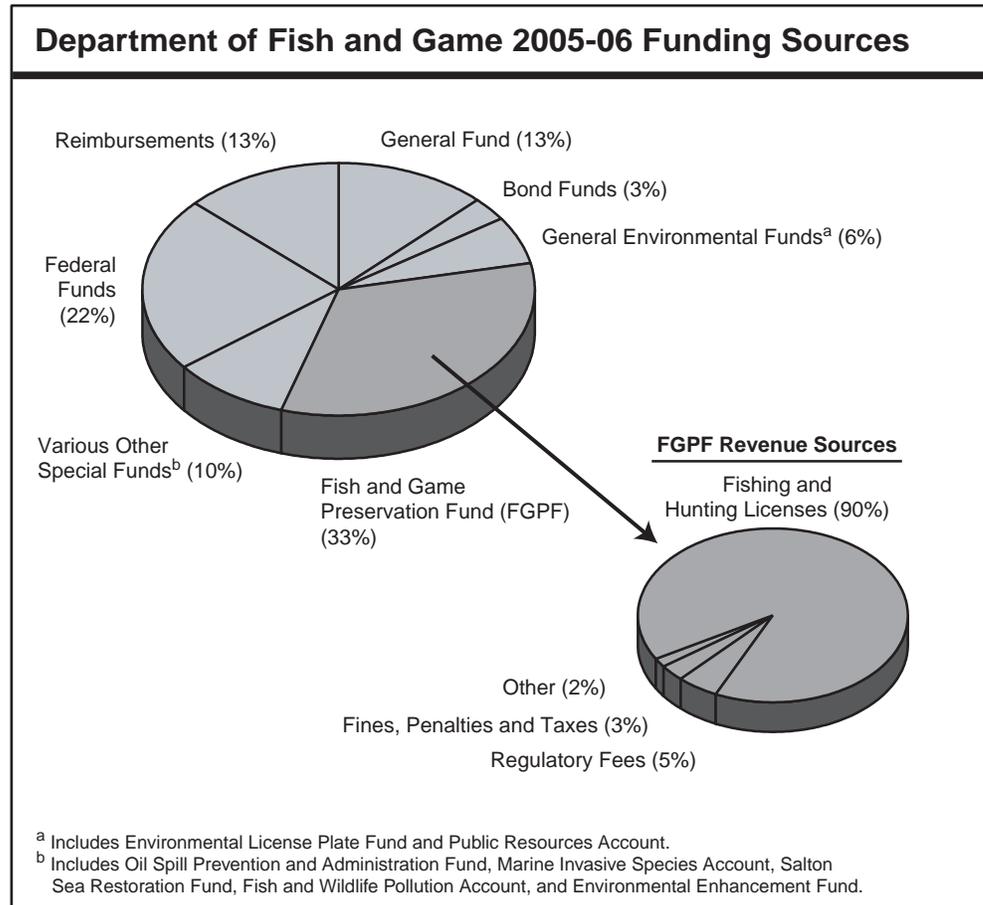
Presented To:
Senate Budget and Fiscal Review
Subcommittee No. 2

Hon. Sheila Kuehl, Chair





Department of Fish and Game's Funding Sources



Where Do the Department's Revenues Come From?

- As shown, the Department of Fish and Game (DFG) is supported by a variety of funding sources, including the Fish and Game Preservation Fund (FGPF), federal funds, General Fund, and other special funds.
- About 30 percent of the DFG's budget is supported by revenues from the sale of fishing and hunting licenses. Historically, the department's budget was almost entirely dependent on this revenue source.



Department of Fish and Game's Funding Sources

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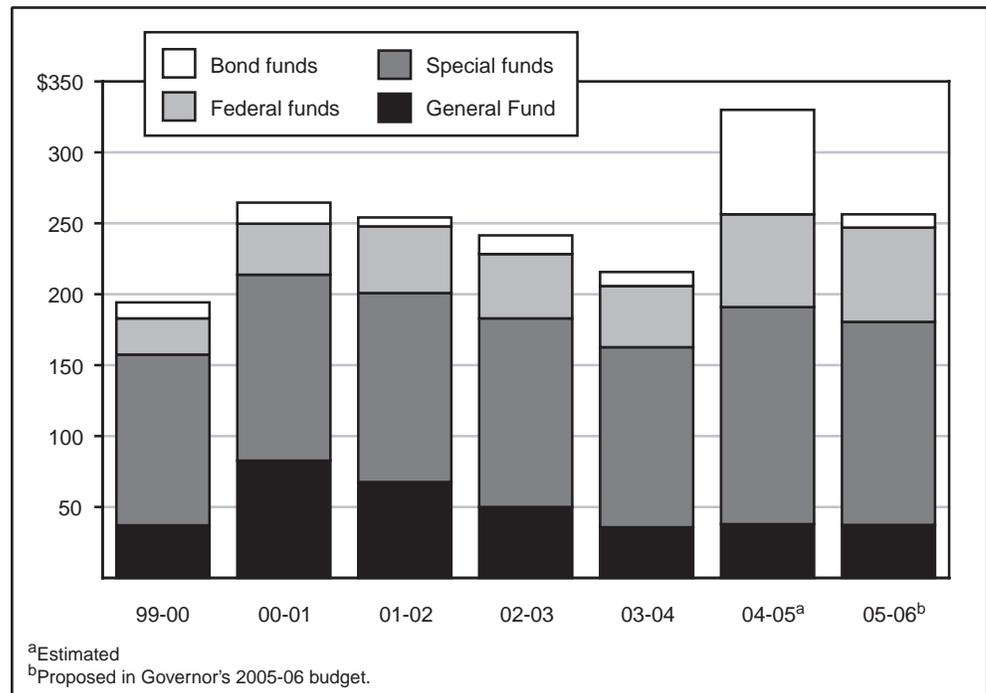
Funding Restrictions

- The department faces a complex set of statutory and constitutional restrictions regarding the use of many of the special funds supporting it. For example:
 - Constitutionally, the department must use money collected from hunters and fishermen to support programs benefiting fishing and hunting.
 - The revenue from many funds must be used to support a specific activity, sometimes narrowly described, for which they were collected.
 - Statute requires that all nongame activities be funded from sources other than the FGPF.



DFG Expenditures, By Funding Source 1999-00 Through 2005-06

(In Millions)



- The figure above shows the expenditure trends (excluding reimbursements) for the DFG from 1999-00 through 2005-06.
- In 2000-01, given the increased availability of General Fund revenues, the Legislature significantly increased the DFG's General Fund appropriation in response to information from the department that it was not meeting its statutory objectives. Funding was provided for a broad range of activities including environmental review, administrative support, land management, and deferred maintenance. Many of these augmentations were eliminated in subsequent budget reductions due to the weakened General Fund condition.
- The increase in expenditures in 2005-06 when compared to 1999-00 largely reflects an increase in available federal funds and special funds. These funds are often for specific purposes and cannot be used to provide general support to the department's mission.



DFG's Key Funding Problems

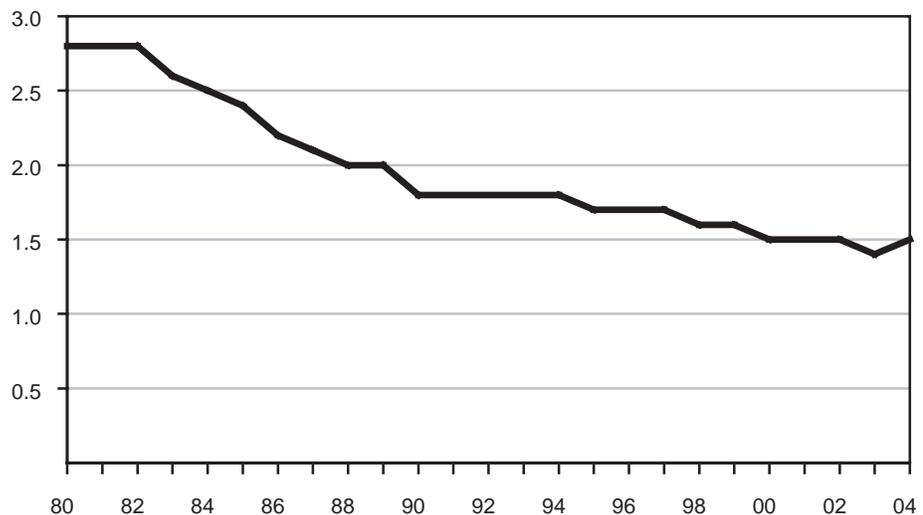


Number of Fishing and Hunting Licenses Sold Continues to Decline

- The total number of hunting and fishing licenses sold each year has been steadily declining since about 1980 which has resulted in reduced revenues to the FGPF. Recent fee increases have stabilized *for now* the downward trend in revenues.

Number of Resident Fishing and Hunting Licenses Sold 1980 Through 2004

(In Millions)





DFG's Key Funding Problems

(Continued)



Existing Fee Collection Issues

- ***The Lake and Streambed Alteration Agreement Program (1600 Program)***. Legislative direction for cost recovery has not been achieved. Given the lack of progress, we recommend the Legislature enact a revised fee schedule in statute.
- ***AB 3158 Fees***. Chapter 1706, Statutes of 1990 (AB 3158, Costa) requires all project applicants subject to the California Environmental Quality Act (CEQA) to pay a resource impact fee to defray part of the cost of managing and protecting fish and wildlife trust resources. Problems continue with the collection of this fee.



Fish and Game Preservation Fund Shows Signs of Trouble

- DFG has been overspending certain accounts within the FGPF. It has done this by using reserves available in other accounts within the FGPF dedicated by statute for specific purposes. The department's 2005-06 budget proposal for FGPF expenditures continues this practice, thereby deviating from statutory direction regarding the eligible use of its special funds.
- We estimate that DFG has in effect "borrowed" about \$11 million from dedicated accounts.
- Absent corrective action, we project that the FGPF will be out of balance beginning in 2006-07 as expenditures in the fund as a whole would exceed available resources.
- Such "borrowing" from dedicated accounts could be due to the difficulties resulting from the funding restrictions discussed previously. Restrictions on the use of special funds constrain the department's flexibility in allocating revenues to meet its programmatic priorities.



DFG's Key Funding Problems *(Continued)*



Recommend DFG Submit a Revised Proposal for FGPF

- We recommend DFG resubmit its budget proposal for the FGPF. Such a proposal should be consistent with existing statutory direction or include proposals to amend the statutory restrictions on the use of the FGPF.
- We further recommend the enactment of legislation requiring that the annual fund condition displayed in the Governor's budget for the FGPF include a breakout of both the dedicated and nondedicated revenue sources.